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A REPORT ON HOUSING

FOR

THE CITY OF LIVERMORE

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## INTRODUCTION

Escalating economic growth in the Livermore-Amador Valley is bringing about increased demands for an adequate supply of housing in all price ranges for those who will work in the area and their families. The purpose of this report are twofold:

- 1) To provide the City Council with information regarding the current and projected population of the Valley in relation to current and future housing needs.
- 2) To assess the impact increasing land values, construction costs, financing rates, and building fees have on the cost of housing.

It will be noted as you read the attached Housing Report that there are inconsistencies in the figures cited. Since the information presented was derived from a variety of sources, each of which has a somewhat different point of view, this statistical variation is inevitable.

## SOCIOECONOMIC FACTORS

### Population Distribution

Between 1971 and 1975 Livermore's population grew at an average rate of 5.2% a year. From 1975 to 1980 the population declined .4%. Livermore has a relatively young population with about 44% of the residents below the age of twenty-five, reflecting the family orientation of the community. However, between 1975 and 1980 the number of children enrolled in school decreased from 14,058 to 11,853 which reflects an aging population and the trend toward smaller families. The twenty-five to thirty-four year old group accounts for 18.3% of the population. This age group is the most active in the formation of new households and represents the majority of first-time homebuyers. The concentration of this group in Livermore is expected to have a positive impact on the demand for owner-occupied housing. Additional housing demand will be generated as younger households in the eighteen to twenty-four age group (11.1% of the population) mature into the twenty-five to thirty-four age group. It is anticipated that the median age of Livermore residents will rise from its current 26.8 years to 32.7 years by the year 2000. (Table I)





TABLE I  
POPULATION AGE DISTRIBUTION  
CITY OF LIVERMORE  
1980

<u>Age</u>	<u>Livermore</u>	
	<u>Number</u>	<u>Percent</u>
Under 18	15,939	33.0
18 - 24	5,388	11.1
25 - 34	8,829	18.3
35 - 44	7,565	15.6
45 - 54	4,574	9.5
55 - 64	3,199	6.6
65 and over	<u>2,855</u>	<u>5.9</u>
Total	48,349	100.0

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SOURCES: U.S. Census Bureau, 1980;  
Ramseyer, Zerbst & Company, Inc.

Even though Livermore's population remained static from 1975 to 1980, the number of households increased as a result of the greater number of single-person households, households headed by divorced persons, and non-family households. Table II provides a breakdown of families by size. It is interesting to note that one and two-person households comprise 44.8% of the total. The increasing number of one and two person households creates a growing demand for housing, particularly smaller units.



TABLE II  
HOUSEHOLDS BY SIZE  
1980 Census

	<u>No. of Households</u>	<u>% of Households</u>
1 person households	2,596	15.9
2 person households	4,729	28.9
3 person households	3,118	19.0
4 person households	3,530	21.6
5 person households	1,647	10.1
6 or more person households	<u>741</u>	<u>4.5</u>
Total	16,361	100.0

#### Household Income

The median family income for a family of four in the San Francisco-Oakland SMSA for 1983 is \$31,600. Table III compares the distribution of household income for Livermore and Alameda County according to the 1980 census. It is interesting to note that households in Livermore are divided almost equally between those with incomes under \$24,999 and those with incomes in excess of \$24,999.





TABLE III  
ALAMEDA COUNTY AND LIVERMORE  
HOUSEHOLD INCOME DISTRIBUTION  
1980

<u>Household Income</u>	<u>Alameda County</u>			<u>Livermore</u>		
	<u>Number</u>	<u>Percent</u>	<u>Cumulative %</u>	<u>Number</u>	<u>Percent</u>	<u>Cumulative %</u>
Less than \$7,500	85,531	20.0	20.0	1,626	9.9	9.9
\$7,500 - \$14,999	87,089	20.4	40.4	2,202	13.5	23.4
\$15,000-\$24,999	107,057	25.0	65.4	4,371	26.7	50.1
\$25,000-\$34,999	75,814	17.7	83.1	4,407	26.9	77.0
\$35,000-\$49,999	48,558	11.4	94.5	2,765	16.9	93.9
\$50,000 and over	<u>23,323</u>	<u>5.5</u>	100.0	<u>990</u>	<u>6.1</u>	100.0
TOTAL	427,372	100.0		16,361	100.0	
Median Household Income	\$18,700			\$24,960		
Average Household Income	\$21,773			\$26,128		

SOURCES: U.S. Census Bureau, 1980;  
Ramseyer, Zerbst & Company, Inc.



Table IV groups these incomes into low, moderate and high categories. The sizeable concentration of incomes in the middle and upper ranges in Livermore reflects the high education level and white-collar employment orientation of the resident population.

TABLE IV  
Livermore Household Incomes in Relation to Median  
1980 Census

	<u>No. of Households</u>	<u>% of Households</u>
Households with incomes less than 80% of median	5,732	35.0
Households with incomes between 80% and 120% of median	4,933	30.2
Households with income 120% of median or over	<u>5,696</u>	<u>34.8</u>
Total	16,361	100.0

#### Economic Trends

Indications are that there will be tremendous growth in the number of jobs available in the Tri-Valley area in the next twenty years as a result of the numerous developments which are under way or proposed. This employment base should be both diversified and well-balanced and will contribute to a persistent housing demand. It is projected that the Tri-Valley will be among the five areas in California having the greatest growth in employment opportunities during the remainder of the century. Based on planned and projected industrial development, the City estimates that over 20,000 new jobs will be created in Livermore alone between 1983 and 2000. This projection is based on the following land area estimates:

	<u>Number of Net Developable Acres</u>
High Technology Parks	837
Light Industrial	356
Heavy Industrial	<u>978</u>
	2,171

The favorable location of the City, proximity to new business, semi-rural environment, and available land for new development support a continuing and growing trend for strong housing demand among households seeking housing within a reasonable distance of alternative employment locations.





ABAG projects between 1980 and 2000 the following growth will occur in the number of Livermore households and in the number of jobs.

	<u>Households</u>	<u>Employment</u>
1980	16,768	18,517
1990	20,300	23,700
2000	24,600	33,900

According to this projection, the number of jobs available will expand far faster than the number of housing opportunities.

However, it is important to be aware that a lack of affordable housing can have a negative effect on the economy. For example, a recent survey of businesses in the Silicon Valley showed that the majority of those planning future expansion were looking elsewhere to build their plants because of the shortage of affordable housing in the South Bay area. The lack of affordable housing in the Santa Clara Valley is largely attributable to both growth restrictions set in place by local governments and to the lack of county-wide planning to assure a steady supply of affordable housing. In order to alleviate traffic congestion, air pollution, rapid inflation of housing costs, and a jobs-housing imbalance, planning needs to be done now to ensure that the Tri-Valley will be able to supply sufficient housing at a variety of price levels for the people who will work here.

## HOUSING

### Housing Statistics

Since the cost of housing is directly related to supply and demand, it is essential to look at the existing housing stock, availability and cost of land, and construction costs in order to understand the causes of the increasing cost of housing.

In 1980 there were 16,637 housing units in the City of Livermore. Of these, 13,813 were single family homes and 2,540 were multi-family. However, there were 11,555 owner occupied units and 4,675 renter occupied units since many of the single family homes were occupied by renters. (Table V)



TABLE V  
SELECTED HOUSING CHARACTERISTICS  
LIVERMORE  
1980

	<u>Number</u>	<u>Percent</u>
<u>Total Number of Units</u>	16,637	100.0
<u>Housing Type</u>		
Single-Family Detached	13,259	79.7
Single-Family Attached	554	3.3
Multi-Family (2 or more)	2,540	15.3
Mobile Home	284	1.7
<u>Housing Tenure</u>		
Owner - Occupied	11,555	71.2
Renter - Occupied	4,675	28.8
<u>Year Structure Built</u>		
1939 or earlier	707	4.2
1940 - 1949	604	3.6
1950 - 1959	3,023	18.2
1960 - 1969	6,307	37.9
1970 - 1974	4,776	28.7
1975 - March, 1980	1,220	7.3

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SOURCES: 1980 U.S. Census data;  
Ramseyer, Zerbst & Company, Inc.





Livermore's housing stock is relatively new. Approximately 74% of the units were constructed between 1960 and 1980, reflecting population growth trends attributable to area economic development and the availability of affordable housing. Over the past few years, the limited number of housing permits issued as a result of the Residential Development Policy has exceeded actual building activity because of unusually high interest rates and rising land costs. The number of multi-family units constructed was also impacted by the fact that rents were inadequate to cover operating costs. Thus, the number of apartments constructed in the past ten years has not kept pace with the growing number of households, and, as a result, these households are competing for the existing units. Recently, the increased demand for rental units has resulted in higher rents, and this together with the need for a tax shelter has resulted in many investors purchasing single-family homes to be used as rental units.

Because the number of households in the city has grown faster than the population, the average household size has declined in the past decade from 3.5 to 2.9. This is a reflection of a decrease in the number of children, an increase in the divorce rate, and a growing number of individuals over 65 years of age.

#### Housing Vacancy Rates

New single family housing developments in the Livermore area have sold all completed housing units, reflecting the broad base of homebuyer demand for affordable housing. These units included detached and attached housing with wide ranging unit sizes and competitive prices between \$70 and \$90 per square foot.

A general rule of thumb used by housing economists indicates that a 5% rental and 2% owner-occupied vacancy rate is necessary for a housing market to be reasonably fluid and balanced. Vacancy rates in Livermore, as well as the rest of Alameda County, have been extremely low over the past two years reflecting the slow growth of housing supply in relation to population and household growth pressures. The Housing Vacancy Survey (Table VI) shows that the total vacancy rate in 1981 for Livermore was less than one percent, and in 1982 it was slightly over one percent. Vacancy rates are one of the most dependable measures of housing needs because they reflect the interaction of supply and demand.



TABLE VI  
HOUSING VACANCY SURVEY  
LIVERMORE AND ALAMEDA COUNTY

	<u>September, 1982</u>			<u>September, 1981</u>		
	<u>Total(1)</u>	<u>Single</u>	<u>Multi</u>	<u>Total(1)</u>	<u>Single</u>	<u>Multi</u>
Livermore	1.1	0.7	2.9	0.6	0.6	0.9
Alameda County	1.2	0.8	2.0	1.2	0.9	1.9

(1) The vacancy rate for all housing units will not be the sum of the vacancy rate for single-family housing units since the component vacancy rates are derived from different numerical bases.

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SOURCES: Federal Home Loan Bank of San Francisco;  
Ramseyer, Zerbst & Company, Inc.





Table VII shows how many housing units need to be built each five or ten year period between 1980 and 2000 in order to maintain a 2% annual increase in the number of units available.

TABLE VII  
PROJECTED HOUSING STARTS NEEDED TO ACHIEVE  
2% YEARLY INCREASE IN HOUSING  
UNITS AVAILABLE

	Current <u>1980</u>	Short Range <u>1985</u>	Medium Range <u>1990</u>	Long Range <u>2000</u>
Projected Total Units	16,592	19,300 <sup>2</sup>	21,400	26,200
Need for New Units		2,698	2,090	4,780
Plus Projected Demolitions(+) <sup>1</sup>		10	10	20
TOTAL HOUSING STARTS REQUIRED:		2,708	2,100	4,800

<sup>1</sup>Average demolition rate estimated at 2 units per year.

<sup>2</sup>Includes houses approved through 1980 under RDP. The number may include unused permits.



Table VIII provides a basis for comparison with other East Bay communities with respect to the percentage of their housing stock represented by apartments. The highest ratio of apartments to population is Walnut Creek with one apartment for every 4.7 people.

TABLE VIII  
Ratio of Apartments to Population

<u>City</u>	<u>Population</u>	<u>No. Apts.</u>	<u>Apts. to Pop. Ratio</u>	<u>Apt. Vacancy Rate</u>
Dublin	13,700	380		.5
Concord	103,225	11,905	1:8.7	1.03
Hayward	94,855	12,288	1:8	
Livermore	50,497	1,928	1:26	.9
Newark	32,492	976	1:33	
Pleasanton	36,702	2,171	1:17	1.0
Union City	43,185	2,138	1:20	.9
Walnut Creek	56,200	12,083	1:4.7	

Table IX projects that the population of the City of Livermore in 2000 will be 76,000, if households remain at the current average of 2.9 persons. In this case, there will be a need for 26,200 housing units in order to provide for a 2.5% vacancy rate. Of these units, 5,945 should be multi-family, which means that the number of multi-family units constructed annually will have to be doubled.

TABLE IX  
PROJECTED TOTAL HOUSING STOCK BASED ON  
2% YEARLY MAXIMUM POPULATION GROWTH RATE

	<u>Current 1980</u>	<u>Short Range 1985</u>	<u>Medium Range 1990</u>	<u>Long Range 2000</u>
Population	48,107	56,000	62,000	76,000
Persons per Occupied Household	2.9	2.9	2.9	2.9
Total Occupied Households	16,177	18,817	20,865	25,545
Units for Choice <sup>1</sup>	415	483	535	655
TOTAL HOUSING STOCK (Does not include Group Quarters)	16,592	19,300 <sup>2</sup>	21,400	26,200
Single Family*	13,554	15,390	16,686	19,621
Multi Family*	2,729	3,522	4,256	5,945
Mobile Homes (manufactured housing)	309	388	458	634 <sup>3</sup>

<sup>1</sup> A 2.5% combined vacancy rate has been chosen as optimum.

<sup>2</sup> Includes houses approved under RDP.

<sup>3</sup> This is a straight line projection which may change as a result of recent legislation.

\*Figures shown include replacements for demolitions.



Rent Levels

TABLE X  
Rents in the City of Livermore

<u>Size of Unit</u>	<u>1978-79 Survey</u>	<u>1981 Survey</u>	<u>1983 Rhonewood Survey</u>	<u>1983 Realtor Survey</u>	<u>1984 Realtor Survey</u>
1 bedroom	\$230	\$316	\$389	\$395	\$443
2 bedroom	288	371	475	484	527
3 bedroom	300	500	513	588	625

Table X illustrates how much the average rent for one, two and three-bedroom apartments in the City of Livermore has increased in the five years from 1978 to 1983:

	<u>Approximate Increase</u>
One bedroom	59%
Two bedrooms	61%
Three bedrooms	58%

Rents shown in the left hand column of Table XI have been taken from the 1980 census. Rents shown in the right hand column are approximations based on the results of the survey in Table X.

TABLE XI  
Specified Renter-Occupied Housing  
Units by Gross Rent

<u>1980 Monthly Rent</u>	<u>No. of Tenants</u>	<u>Projected 1984 Rents (50% Increase Over 1980)</u>
Less than \$60	13	Less than \$90
\$60 to \$79	60	\$ 90 to \$119
\$80 to \$99	47	\$120 to \$149
\$100 to \$119	47	\$150 to \$179
\$120 to \$149	85	\$180 to \$224
\$150 to \$169	86	\$225 to \$254
\$170 to \$199	190	\$255 to \$299
\$200 to \$249	554	\$300 to \$374
\$250 to \$299	885	\$375 to \$449
\$300 to \$349	628	\$450 to \$524
\$350 to \$399	426	\$525 to \$599
\$400 to \$499	831	\$600 to \$749
\$500 or more	679	\$750 or more
Median \$324		\$486
Mean \$341		\$511

Table XII, also taken from the 1980 census, indicates the number of persons paying various percentages of their income for rental housing. As can quickly be seen, lower income people pay a higher percentage of their income for rent. Over 70% of the people with incomes below \$9,000 pay over 35% of their incomes for rent.





TABLE XII  
 Renter-Occupied Housing Units by 1979 Household  
 Income by Gross Rent as a Percentage of Income

	<u>Less Than</u> <u>\$5,000</u>		<u>\$5,000 to</u> <u>\$9,999</u>		<u>\$10,000 to</u> <u>\$14,999</u>		<u>\$15,000 to</u> <u>\$19,999</u>		<u>\$20,000</u> <u>Or More</u>	
	%	No.	%	No.	%	No.	%	No.	%	No.
Less Than 20 Percent		7		61		93		293		1,231
20 to 24 Percent		33		42		108		145		374
25 to 34 Percent	5.6	28	18.6	96	46.0	308	28.7	219	8.7	157
35 Percent or more	70.7	355	70.8	516	35.8	296	13.0	99	.4	8
Not Computed		79		13		21		6		24

A comparison of the 1979 mean household income of home owners with renters shows an \$11,000 difference. This would indicate that a much higher income is required to buy a house than to rent. For persons with incomes below a certain level, housing ownership is not a viable possibility.

1979 Mean Household Income  
 by Type of Housing

Owner Occupied	\$29,226
Renter Occupied	\$18,205

The following data comparing Hillcrest Gardens with Vineyard Village illustrates how increased costs in the nine intervening years between construction of the two developments affected rents.

Hillcrest Gardens (236 program - 20% Sec. 8 subsidized)

<u>Year</u>	<u>Rents Charged Tenants</u>		<u>Fair Market Rents</u>
1971	1-bedroom	\$105	\$200
	Studio	\$ 85	\$162
1983	1-bedroom	\$195	\$288
	Studio	\$165	\$248

Vineyard Village (202 program - all Sec. 8 subsidized)

1983	1-bedroom	\$46-\$296	\$526
	Average	\$145	

There is a \$238 difference in the Fair Market Rent allowed for the two developments.

In order to be able to evaluate proposed rentals for new rental complexes, Table XIII is provided. This table indicates H.U.D. approved new construction rent limits for various types of projects as well as the 30% standard and the allowable Section 8 existing limits for new apartments. These figures are related to income based on family size.



TABLE XIII  
Comparison of Various Rent Schedules  
As of Nov. 14, 1983

Type of Apartment	80% Median Income/ Number of Persons	25% of 80% Median Income (no utilities)	(State & Fed.) 30% of 80% of Median Income (no utilities)	H.U.D.* Sec. 8 New Construction Rents (Walk ups) (including utilities)	H.U.D.* Sec. 8 New Construction Rents (Semi-Detached Row Type) (including utilities)	H.U.D.* Sec. 8 New Construction Rents (Elevation 2-4 stories) (including utilities)	Sec. 8 Existing Rents (including utilities) 45th percentile of all non-luxury recent movers. Tenant rent contribution is 30% of income (Effective 8/1/82) + 10% for new
Studio	\$17,700 (1 person)	\$356	\$443	\$470	-	\$505	\$334 367
1-bedroom	\$20,200 (2 persons)	\$420	\$505	\$547	\$572	\$553	\$386 425
2-bedroom	\$25,300 (4 persons)	\$525	\$633	\$693	\$728	\$745	\$478 526
3-bedroom	\$28,450 (6 persons)	\$590	\$711	\$767	\$833	-	\$660 726
4-bedroom	\$31,600 (8 persons)	\$655	\$790	\$850	\$919	-	\$715 787

\* Add 5% for Elderly & Handicapped. Will go to 110% under certain circumstances (if average rents are higher).

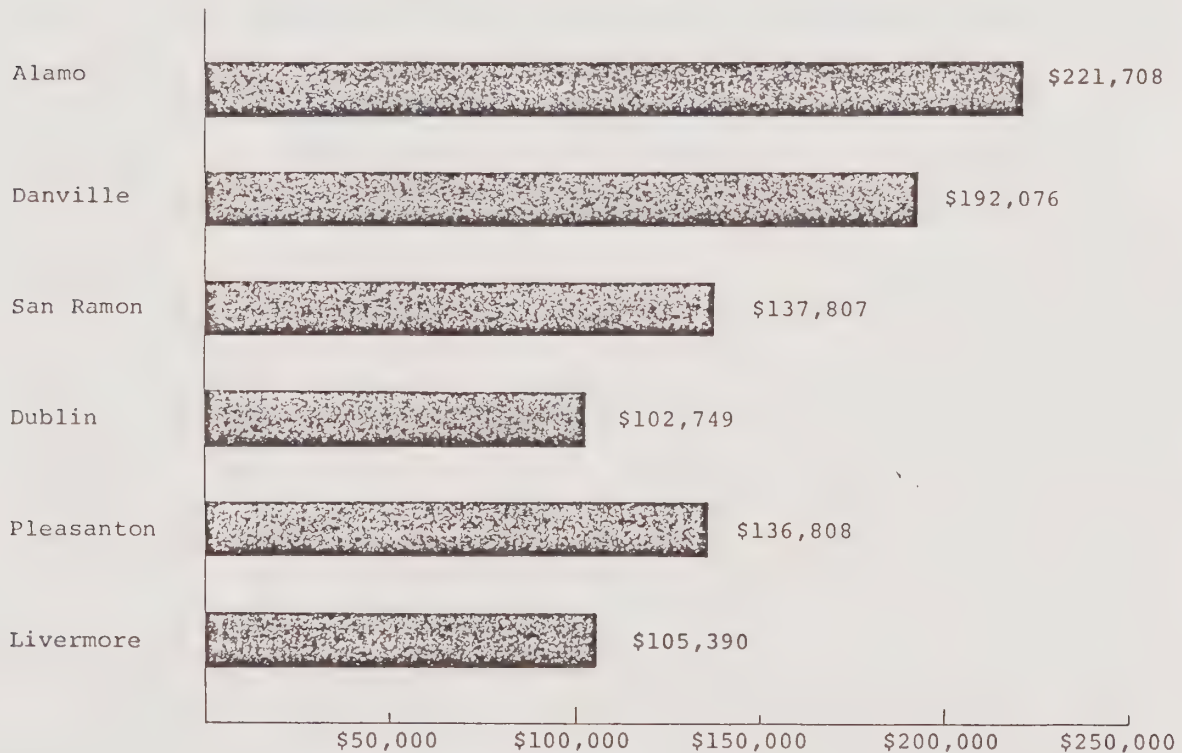


## OVERALL HOUSING COSTS

A housing market that experiences high demand with limitations on the supply will likely be an expensive market, and this has been the case in the Tri-Valley area.

Table XIV indicates 1982 sales prices of single family homes and condominiums in the Tri-Valley, and Table XV gives a distribution of 1982-83 sales prices in the East Bay. Approximately 67% of the homes sold in Livermore were between \$80,000 and \$140,000. According to the Board of Realtors, between 1975 and 1982 the average price of a home in the Tri-Valley area increased by 129%.

TABLE XIV  
1982 Sales Prices of Single Family Homes & Condos



HOUSING UNITS BY AVERAGE SALES PRICE. Source: Contra Costa Board of Realtors, 1982; Alameda County Board of Realtors, 1982.

\*

Blackhawk sale prices not included.





TABLE XV

DISTRIBUTION OF SALES PRICES IN 1982-1983\* FOR HOUSING MARKET AREAS, BY PERCENT WITHIN EACH CATEGORY

HOUSING MARKET AREA	UNDER \$50,000	\$50,000 TO \$59,999	\$60,000 TO \$69,999	\$70,000 TO \$79,999	\$80,000 TO \$89,999	\$90,000 TO \$99,999	\$100,000 TO \$119,999	\$120,000 TO \$139,999	\$140,000 TO \$159,999	\$160,000 TO \$179,999	\$180,000 TO \$199,999	\$200,000 TO \$249,999	\$250,000 TO \$299,999	\$300,000 TO \$399,999	OVER \$400,000
PLEASANTON	0.00%	0.31%	4.09%	3.14%	3.46%	4.40%	26.10%	27.99%	18.55%	11.95%	7.55%	5.66%	1.57%	1.26%	0.31%
DUBLIN	0.00%	1.05%	0.00%	0.00%	14.74%	24.21%	43.16%	11.58%	3.16%	2.11%	2.11%	0.00%	0.00%	0.00%	0.00%
UNINCORPORATED ALAMEDA COUNTY**															
LIVERMORE	0.00%	1.33%	1.33%	5.99%	18.40%	22.62%	34.37%	10.20%	4.43%	1.33%	0.67%	2.00%	0.22%	0.00%	0.44%
PORTIONS OF CONTRA COSTA CO. IN TRI-VALLEYS	0.00%	0.00%	0.16%	0.96%	0.80%	5.75%	19.65%	25.24%	26.68%	20.77%	9.74%	20.29%	8.15%	13.58%	1.76%
CASTRO VALLEY	0.00%	1.05%	0.53%	2.63%	16.32%	14.21%	23.68%	22.11%	12.11%	7.37%	2.11%	2.11%	0.00%	0.53%	0.00%
WALNUT CREEK	0.26%	0.26%	4.35%	4.86%	4.60%	4.35%	17.14%	26.85%	21.48%	15.86%	15.09%	12.02%	4.35%	2.05%	1.02%
SAN LORENZO/ SAN LEANDRO	0.54%	0.54%	3.52%	10.57%	29.54%	23.85%	21.14%	6.23%	2.71%	1.36%	1.36%	1.08%	0.81%	0.00%	0.00%
HAYWARD/UNION CITY	0.32%	1.61%	5.78%	20.55%	17.66%	19.10%	24.24%	5.78%	3.05%	1.93%	0.96%	0.64%	0.00%	0.16%	0.00%
FREMONT/NEWARK	0.28%	0.37%	1.47%	8.26%	16.25%	17.36%	31.22%	15.34%	6.34%	3.12%	2.20%	3.58%	1.38%	0.18%	0.18%
PLEASANT HILL	0.00%	0.45%	0.90%	3.62%	13.12%	18.10%	21.27%	26.70%	8.60%	7.24%	1.81%	2.26%	0.00%	0.00%	0.00%
LAFAYETTE/ MORAGA/ORINDA	0.00%	0.00%	0.00%	0.00%	0.00%	0.71%	8.57%	17.86%	36.43%	36.43%	34.29%	63.57%	30.00%	29.29%	14.29%
CLAYTON/CONCORD	1.87%	2.07%	4.77%	9.96%	18.67%	14.21%	20.02%	15.04%	9.23%	4.15%	2.28%	1.45%	0.31%	0.10%	0.00%
MARTINEZ	1.36%	6.79%	5.88%	9.95%	6.79%	11.76%	30.77%	17.19%	6.79%	2.71%	0.90%	0.45%	0.45%	0.45%	0.00%
PITTSBURG/ANTIOCH	13.62%	10.63%	10.80%	18.94%	22.59%	11.30%	8.64%	2.82%	0.50%	0.17%	0.00%	0.00%	0.00%	0.00%	0.00%

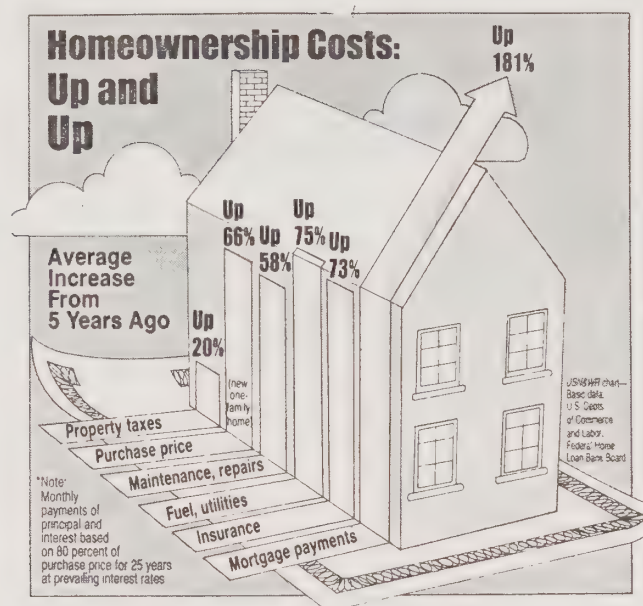
\* Sales prices obtained from the Contra Costa County Board of Realtors, Market Analyses, 1982-1983 and the Alameda County Board of Realtors, Market Analyses, 1982-1983.

\*\* This area was not surveyed. No houses currently exist there.

Courtesy Kreines and Kreines



The illustration below helps to visualize where the greatest increases affecting homeownership costs occurred between 1976 and 1981.



1976 - 1981

In 1983 the average home in Livermore sold for \$114,800. This was 8.2% higher than reported in the 1980 census (\$105,390). In 1977 the median sales price for a single family home was \$52,000 compared to \$89,000 at the time of the 1980 census, a 71% increase. (See Table XVI)

TABLE XVI

Median Sales Price 1977-1980

Single Family Houses in Livermore

	<u>Jan.-Dec. 1977</u>	<u>January 1978</u>	<u>January 1979</u>	<u>January 1980</u>	<u>1980 Census</u>	<u>January 1981</u>
Median Sales Price of House	52,000	61,000	72,000	84,000	89,000	96,818
Annual % Increase	-	17.3	18.0	16.7		15.3
Cumulative % Increase	-	17.3	35.3	52.0	71.0	86.2
Number of Houses in Sample	882	142	233	50		38

Sources: 1977 & 1978 data from County Assessor's records of representative sales; 1979 data from Multiple Listing Service published by Southern Alameda County Board of Realtors, January 12, 1979; 1980 data are asking prices for homes on the market. 1981 from Alameda County Board of Realtors.



As can be seen from Table XVII an income of at least \$37,200 is required to purchase a \$90,000 home.

TABLE XVII

Annual Income Required to Afford  
Buying a House\*

<u>House Prices</u>	<u>Income Required</u>	<u>Total Monthly Payments**</u>	<u>Payments as % of Monthly Income</u>
\$50,000	\$20,920	\$523	30.0%
60,000	25,400	635	30.0%
70,000	29,200	730	30.0%
80,000	33,600	840	30.0%
90,000	37,200	930	30.0%

\*10% down payment and 12% mortgage.

\*\*Includes debt service, taxes & insurance.

The average income of home buyers at Villa Chardonnay (The Hofmann Company) was \$33,370 and at Northwood Commons it was \$40,276. These homes ranged in price from \$68,000 to \$95,000.

Rising costs for land, construction, financing, etc. have essentially placed a floor under the minimum price of a house or rent for an apartment. This makes it increasingly difficult for builders to produce lower cost housing. In addition, rising employment and the consequent population growth pressures have impacted the cost of housing in the Tri-Valley area.

The following table indicates the percentage of income spent for housing by owner-occupants in 1979.

TABLE XVIII  
Owner-Occupied Noncondominium Housing Units  
Monthly Ownership Costs as a Percentage of Income

	<u>Less Than \$5,000</u>	<u>\$5,000 to \$9,999</u>	<u>\$10,000 to \$14,999</u>	<u>\$15,000 to \$19,999</u>	<u>\$20,000 or More</u>
Less than 20 percent	6	131	213	281	5,032
20 to 24 percent	11	87	47	143	1,282
25 percent to 34 percent	49	57	68	196	1,338
35 percent or more	266	184	251	365	457



Households with incomes under \$20,000 spend a much higher percentage of their incomes for housing than do more affluent households, i.e., 75% of households making less than \$5,000 spent 35% or more of their income for housing, while only 5.6% of households with incomes over \$20,000 spend 35% or more for housing. It is probable that the percentage of households spending more has increased since the census was taken.

The number of acres available for residential housing and the density zoning on these acres has a direct relationship to the cost of the land, and consequently the cost of the housing constructed on the land.

In the following sections of this report we will examine more closely how increased land prices, construction costs, financing charges and fees have contributed to an increase in the cost of housing.

Table XIX, prepared in the fall of 1982, lists sales prices of developments under construction in the City of Livermore at that time.





TABLE XIX  
1982 Livermore Housing Developments

Builder	Housing Type	Square Feet	Cost
Hofmann			
Villa Chardomay	2 bedroom, 1 bath, D.	960	\$ 64,950
	2 bedroom, 1½ bath, 2 story, D.	1,230	72,950
	3 bedroom, 2½ bath, D.	1,430	79,950
Anden			
Spring Valley	2 bedroom, C.	831	67,000
	2 bedroom, Dup.	937	70,000
	3 bedroom, 1 bath, S. F.	1,000	85,990
	3 bedroom, 2 bath, S. F.	1,170	93,990
	3 bedroom, 1 bath, C.	1,064	72,000
	3 bedroom, 2 bath, Dup.	1,185	75,000
	4 bedroom, 2 bath, C.	1,169	76,000
	4 bedroom, 2 bath, S. F.	1,405	96,990
Kaufman & Broad			
Rancho Arroyo IV	2 bedroom, 1 bath, S. F.	936	85,990
	3 bedroom, 1 bath, S. F.	1,055	90,990
	3 bedroom, 2 bath, S. F.	1,200	99,000
	3 bedroom, 2 bath, S. F.	1,484	105,490
	4 bedroom, 2 bath, S. F.	1,600	119,500
	4 bedroom, 2½ bath, S. F.	1,734	118,490
	5 bedroom, 2 3/4 bath, S. F.	2,117	139,990
Bromac			
Livermore Downs	2 bedroom, 1½ bath, Con.	1,125	83,950
Citation			
Willowbrook	2 bedroom, 1 bath, S. F.	825	89,950
	3 bedroom, 2 bath, S. F.	1,160	99,950
	4 bedroom, 2½ bath, S. F.	1,435	106,950
	4 bedroom, 2½ bath, S. F.	1,509	109,950
	4 bedroom, 2½ bath, S. F.	1,625	113,950
Northwood Homes			
Northwood Commons	2 bedroom, 2 bath, T.	955	79,950-
			81,250
	3 bedroom, 1½ bath, T.	1,191	85,950
	3 bedroom, 2½ bath, T.	1,545	97,450
	3 bedroom, 2½ bath, recreation room, T.	1,622	101,450
Summit Capital Corp.			
Vineyard Townhomes	2 bedroom, 1½ bath, Con.		89,000
	3 bedroom, 1½ bath, Con.		
	3 bedroom, 2½ bath, Con.		115,000

Con. -condominium  
C. -couplet  
D. -duets  
Dup. -duplex  
S. F.-single family  
T. -townhouse



**CITY OF LIVERMORE**  
**INTEROFFICE MEMORANDUM**

**DATE:** November 29, 1982

**TO:** Assistant City Manager  
**FROM:** Senior Administrative Assistant  
**SUBJECT:** Housing Costs in Livermore

As you requested, I surveyed Livermore developers and have prepared the attached table showing current new housing costs in Livermore.

The 1980 census showed the median housing sales price in Livermore as approximately \$89,000.

  
Barbara Hempill

BH/wu

Attachment



The following table lists various K & B models which are included in the 1983 single family mortgage bond program. The cost per square foot varies from \$76 for the largest model to \$95 for the smallest model.

TABLE XX  
RANCHO ARROYO VI  
CITY OF LIVERMORE MRB

<u>Model/Plan</u>	<u>Number of Units</u>	<u>Bedrooms/ Bath</u>	<u>Size Sq.Ft.</u>	<u>Unit Price</u>	<u>Price/ Sq.Ft.</u>
1113*	12	3/2	901	\$85,990	95
1123*	7	3/2	1,066	91,990	86
3010	20	3/2	1,265	112,490	90
3020	20	3/2	1,484	117,490	79
3030	14	4/2	1,525	118,490	78
3040	<u>8</u>	4/2-1/2	1,734	130,990	76
Total	81				

\*These two models are duets.

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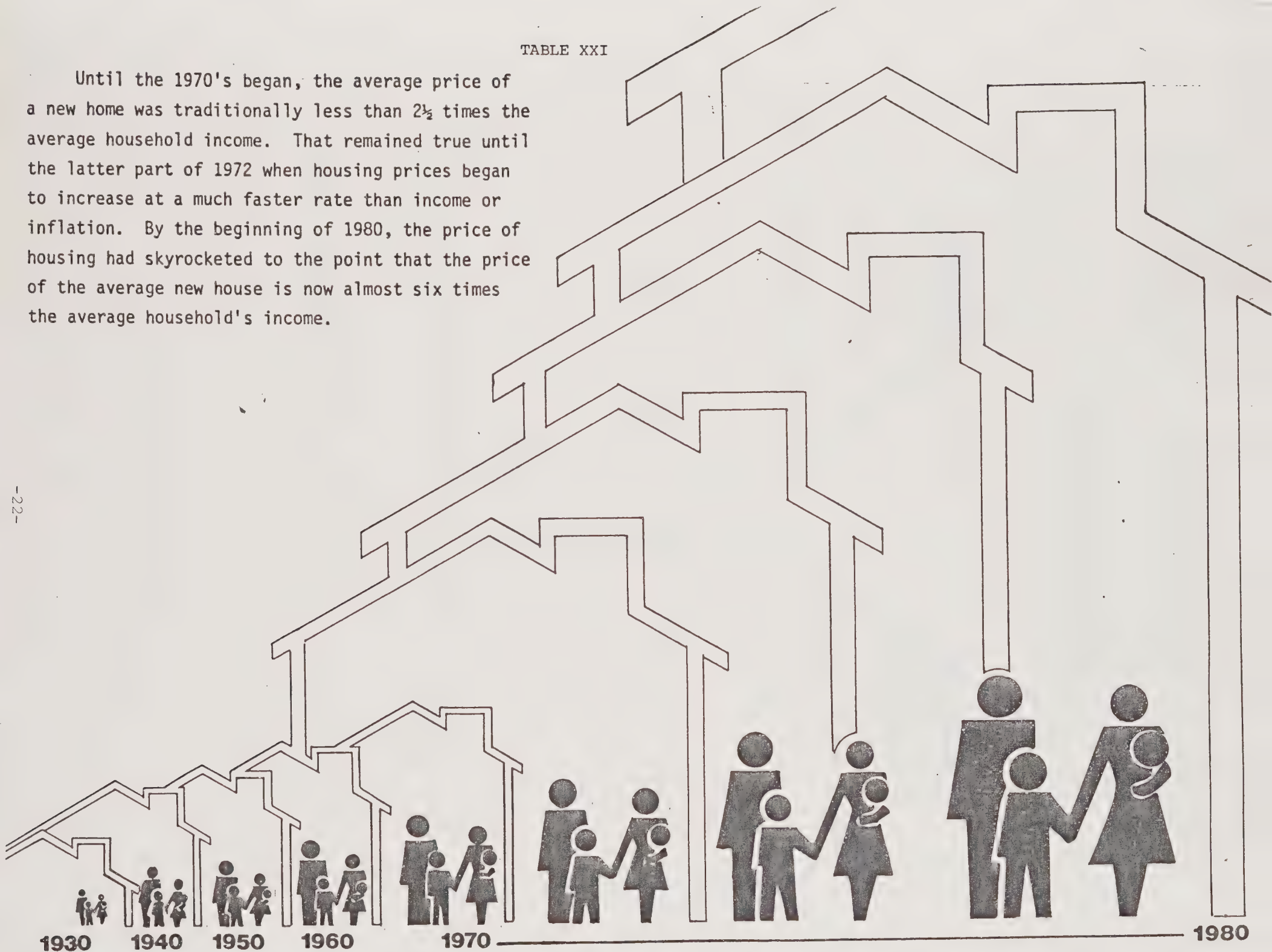
Sources: Kaufman and Broad;  
Ramseyer, Zerbst & Company, Inc.





TABLE XXI

Until the 1970's began, the average price of a new home was traditionally less than  $2\frac{1}{2}$  times the average household income. That remained true until the latter part of 1972 when housing prices began to increase at a much faster rate than income or inflation. By the beginning of 1980, the price of housing had skyrocketed to the point that the price of the average new house is now almost six times the average household's income.



1980

1930

1940

1950

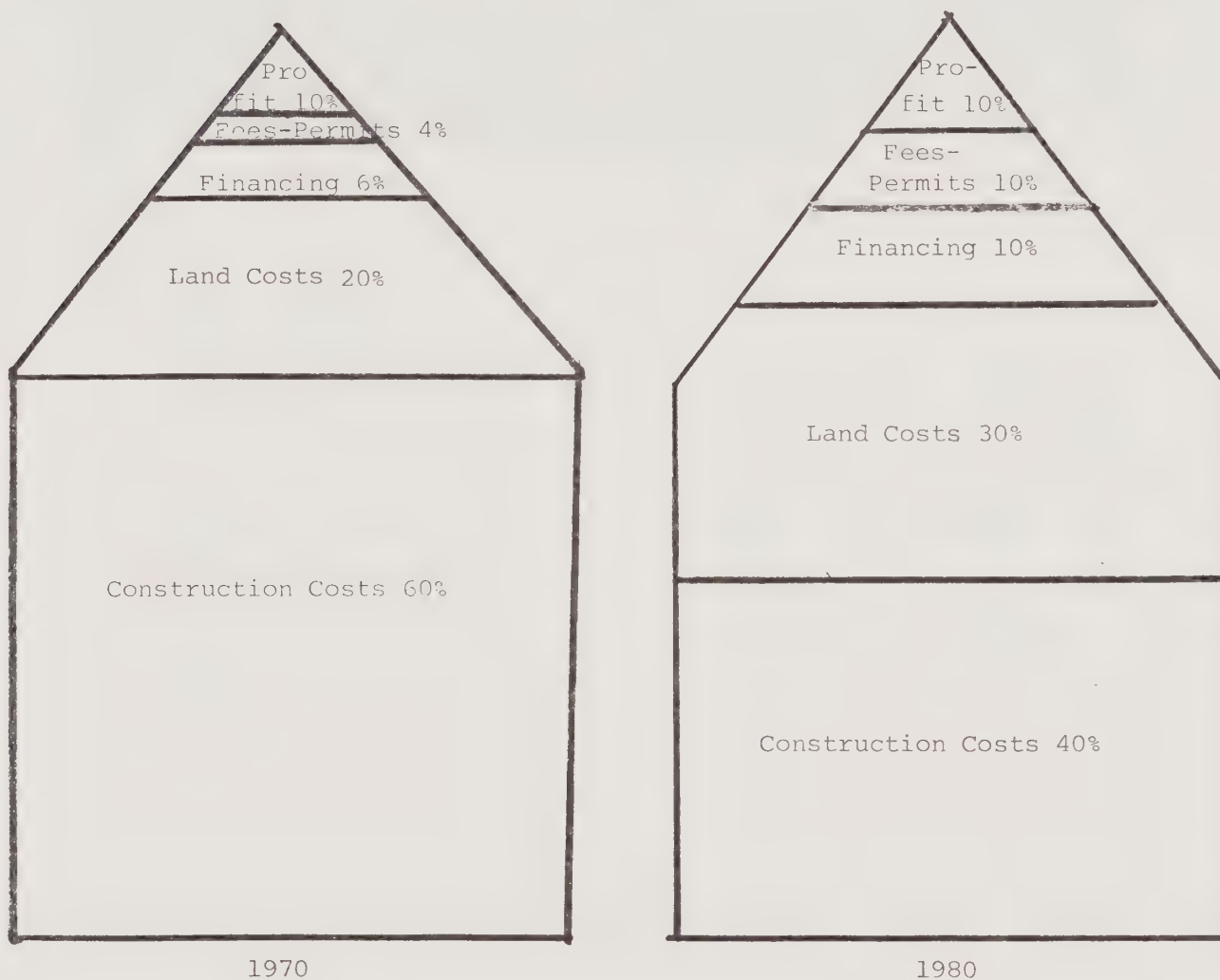
1960

1970



While the cost of housing has increased steadily over the past fifteen years, the various components going into the cost have not remained a constant percentage of the whole, as the illustration below comparing 1970 with 1980 shows.

How Component Factors Contributing  
to the Cost of Housing Have Changed  
as a Percent of the Total Cost



Land cost, financing and fees and permits now constitute a far larger share of the total than in 1970.



## Construction

According to Connerly & Associates in "The Housing Crunch", construction costs in the Bay Area nearly doubled from 1970 to 1980, increasing about 10% a year, whereas household income only increased about 60% during that same period.

Based on Bank of America data, a typical 3 bedroom 1500 sq. ft. house would have cost \$96,923 in 1979 (See Table XXII). This included land cost, site development, construction costs and fees. At that time construction costs came to \$49,500. By 1982 construction costs for that same house had risen to \$69,810 and by 1983 had reached \$73,692, (See Tables XXIII and XXIV) an increase in four years of \$24,192. In addition, land costs, fees, and financing have all increased since 1979.



TABLE XXII

TOTAL DEVELOPMENT COSTS IN 1979  
TYPICAL 3-BEDROOM LIVERMORE OWNED UNIT

	<u>Costs Per Unit</u>	<u>% of Total Cost</u>
Raw Land	\$10,000	10.3
Site Development	15,000	15.5
Development Fees	6,000	6.2
Construction Costs	<u>49,500</u>	<u>51.1</u>
TOTAL:	\$80,500	83.1
Financing (for 9 mos. @ 20%)	<u>6,038</u>	<u>6.3</u>
<u>(.75 x .20 x 80,500)</u> 2	\$86,538	89.3
Marketing (12%)	10,385	10.7
Actual Sales Price	<u>\$96,923</u>	100%

Source: City of Livermore Planning and Building Departments, Bank of America, Cost Study-Subdivision Land Development, October, 1979. Numbers apply to a standard quality tract residence (1250 sq. ft., to 1500 sq. ft.) consisting of 3 bedrooms, 1 bath, living room, kitchen, family-dining room, attached 2-car garage (446 sq. ft.) and driveway and walks.

The tables on the following two pages were produced by Bank of America based on the same standard 3-bedroom home as the foregoing example.





TABLE XXIII

1982

## Home building costs rise at record low pace

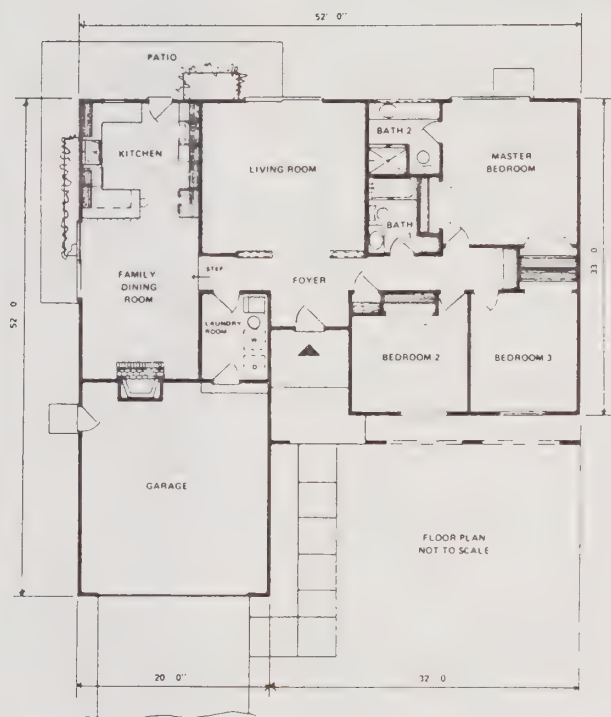
STANDARD QUALITY SINGLE FAMILY RESIDENCE SAN FRANCISCO AREA		\$ COST AS OF 7/1/82	% CHANGE SINCE 4/1/82 7/1/81		% OF TOTAL DOLLARS	\$ COST PER S.F.
PRELIMINARY UTILITY SERVICE CONNECTIONS	1 Permits, plan checking, temporary power, water, portable toilet, debris box	1,197 <sup>b</sup>	0	+3.6	1.7	.76
	2 Final clean-up (allowance)	300	-7.7	-7.7	.4	.19
SITE WORK	1 Site preparation and excavation	901	-5.1	+6.0	1.3	.57
	2 Flatwork (driveway, patio, walks)	1,651	-1.0	-2.0	2.4	1.05
CONCRETE	1 Foundations, slabs, piers	2,603	-1.2	-2.6	3.7	1.66
MASONRY	1 Brick hearth and face veneer at fireplace	503	+5.5	+5.5	.7	.32
METAL	1 Rough hardware	274	-1.4	-1.1	.4	.17
	2 Finish hardware (allowance)	180	0	+20.0	.3	.11
WOOD AND CABINETS	1 Rough lumber	5,109	-4.1	-12.7	7.2	3.25
	2 Finish lumber	332	-1.5	-2.1	.5	.21
	3 Rough carpenter labor	6,249	+6.4	+12.1	8.9	3.98
	4 Finish carpenter labor	1,250	+6.4	+12.1	1.8	.80
	5 Countertops (cultured marble and laminated plastic)	1,003	0	+2.8	1.4	.64
	6 Cabinets	2,432	0	+2.6	3.5	1.55
THERMAL AND MOISTURE PROTECTION	1 Insulation, weather stripping, thresholds	1,687	+1.4	+13.8	2.4	1.07
	2 Roofing (medium shakes)	3,543	0	-1.6	5.1	2.26
DOORS AND WINDOWS	1 Doors	1,375	-1.6	+8.2	2.0	.88
	2 Garage door	285	0	+1.4	.4	.18
	3 Aluminum windows, glass sliding doors, all with screens	969	0	0	1.4	.62
FINISHES	1 Stucco	4,535	+8.5	+8.0	6.5	2.89
	2 Gypsum wallboard, ceiling acoustical spray	2,793	0	-2.3	4.0	1.78
	3 Resilient flooring (allowance)	1,300	0	0	1.9	.83
	4 Carpeting (allowance)	1,600	0	+3.2	2.3	1.02
	5 Painting	2,767	+2.7	+6.6	4.0	1.76
BATHS	1 Shower and tub enclosures	313	0	+9.1	.5	.20
	2 Prefabricated fireplace	639	+2.4	+4.6	.9	.41
	3 Bath accessories (allowance)	450	0	+12.5	.6	.29
APPLIANCES	1 Built-ins (allowance)	1,100	0	0	1.6	.70
(No items under these divisions)						
MECHANICAL	1 Heating and sheetmetal	2,986	+8.0	+15.8	4.3	1.90
	2 Plumbing, including sewer connection	5,459	+1.0	2	7.8	3.48
ELECTRICAL	1 Wiring	2,274	+3.0	+5.1	3.3	1.45
	2 Fixtures (allowance)	725	+3.6	+3.6	1.0	.46
SUB TOTAL		58,784	+1.6	+2.8	84.2	
Insurance: Workers' Compensation, Social Security, Unemployment		1,875	+6.4	+33.5	2.7	1.19
Overhead and profit 15%		8,818	+1.6	+2.8	12.6	5.62
Plans and Specifications		333	0	+10.6	.5	.21
TOTAL CONSTRUCTION COST		69,810	+1.7	+3.5	100.0	44.46
		AREA	S.F. COST	TOTAL	NOTES: (a) Denotes change of less than 1%. (b) Miscellaneous municipal fees & taxes not included. (c) Union scale wages are reflected in this study.	
House		1570 S.F.	38.85	\$60,998		
Garage		446 S.F.	16.06	7,161		
Patios, Driveway, Walks		837 S.F.	1.97	1,651		
TOTAL CONSTRUCTION COST				\$ 69,810		







We wish to thank the various segments of the building industry in the San Francisco area for their continuous cooperation, without whose assistance this study would not be possible.



## COST STUDY

### PERSPECTIVE FLOOR PLAN GENERAL DESCRIPTION

Standard quality "semi-custom" (non tract) residence (1,570 s.f.) consisting of 3 bedrooms, 1- $\frac{1}{4}$  baths, living room, kitchen, family-dining room, laundry room, attached 2 car garage (446 s.f.), and patios, driveway and walks (837 s.f.).

- FOUNDATION:** Perimeter reinforced concrete and interior piers
- FLOORS:** 2:4:1 (1-1/8") plywood over 4 x 6 girders @ 4'-0" O.C. Mesh reinforced 4" concrete slab over rock base and membrane at kitchen, family-dining room
- WALLS:** Stucco with integral color coat over 2 x 4 studs @ 16" O.C.
- PARTITIONS:** Painted gypsum wallboard
- INSULATION:** Ceiling (R-19), wall (R-11), floor (R-11)
- WINDOWS AND SLIDING DOORS:** Anodized aluminum frames with one-half screens, single glazing
- DOORS:** Pre-hung masonite and wood
- ROOFING:** Medium taper split cedar shakes, 4:12 Hip
- Ceilings:** Simulated sprayed acoustical plaster and painted gypsum wallboard
- FINISH FLOORING:** Sheet vinyl in kitchen, family-dining room, bathrooms, laundry room, foyer; carpeting elsewhere
- FIREPLACE:** Prefabricated metal with brick facing and hearth
- CABINETS:** Mill built with laminated plastic and cultured marble tops
- HEATING:** Gas fired 100,000 BTU forced air with high wall registers
- PLUMBING:** Copper water lines, ABS waste lines
- ELECTRICAL:** Romex, 125 amp underground service
- BUILT-INS:** Range with hood and double ovens, garbage disposal and dishwasher

Subscription to this continuing study is available compliments of Bank of America NT&SA at no charge. Inquiries can be directed to:

Bank of America, Construction Analysis #3377  
P.O. Box 37000  
San Francisco, CA 94137

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ADDRESS CORRECTION REQUESTED





# COST STUDY

 APR  
1984

STANDARD QUALITY SINGLE FAMILY RESIDENCE SAN FRANCISCO AREA			\$ COST AS OF 4/1/84	% CHANGE SINCE 1/1/84	% OF TOTAL DOLLARS	\$ COST PER S.F.	
PRELIMINARY AND GENERAL CONDITIONS	1.0	.1 Permits, plan checking, temporary power, water, portable toilet, debris box	1,273 <sup>b</sup>	0	+ 3.2	1.7	.81
		.2 Final clean-up (allowance)	300	0	0	.4	.19
SITE WORK	2.0	.1 Site preparation and excavation	937	0	+ 4.0	1.3	.60
		.2 Flatwork (driveway, patio, walks)	1,760	+ 1.0	+ 9.2	2.3	1.12
CONCRETE	3.0	.1 Foundations, slabs, piers	2,745	+ 1.3	+ 7.5	3.7	1.75
MASONRY	4.0	.1 Brick hearth and face veneer at fireplace	508	0	+ 1.0	.7	.32
METAL	5.0	.1 Rough hardware	274	0	+ 2.2	.4	.17
		.2 Finish hardware (allowance)	180	0	0	.2	.11
WOOD AND CABINETRY	6.0	.1 Rough lumber	5,866	+ 3.3	+ 5.8	7.7	3.74
		.2 Finish lumber	380	+ 5.8	+ 3.3	.5	.24
		.3 Rough carpenter labor	6,364	0	+ 9.1	8.5	4.06
		.4 Finish carpenter labor	1,273	0	+ 1.0	1.7	.81
		.5 Countertops (cultured marble and laminated plastic)	1,112	0	+ 9.3	1.5	.71
		.6 Cabinets	2,684	0	0	3.6	1.71
THERMAL AND MOISTURE PROTECTION	7.0	.1 Insulation, weather stripping, thresholds	1,842	+ 1.5	+ 4.8	2.5	1.17
		.2 Roofing (medium shakes)	4,086	0	+ 14.3	5.5	2.60
DOORS AND WINDOWS	8.0	.1 Doors	1,527	0	a	2.0	.97
		.2 Garage door	301	0	+ 5.6	.4	.19
		.3 Aluminum windows, glass sliding doors, all with screens	1,005	0	+ 3.7	1.3	.64
FINISHES	9.0	.1 Stucco	4,778	0	+ 4.7	6.4	3.04
		.2 Gypsum wallboard, ceiling acoustical spray	3,109	0	+ 11.4	4.1	1.98
		.3 Resilient flooring (allowance)	1,400	0	0	1.9	.89
		.4 Carpeting (allowance)	1,750	0	+ 9.4	2.3	1.11
		.5 Painting	2,741	0	- 1.9	3.7	1.75
SPECIALTIES	10.0	.1 Shower and tub enclosures	338	0	+ 8.0	.5	.22
		.2 Prefabricated fireplace	661	0	+ 3.4	.9	.42
		.3 Bath accessories (allowance)	525	0	0	.7	.33
APPLIANCES	11.0	.1 Built-ins (allowance)	1,150	0	0	1.5	.73
12.0/13.0/14.0		(No items under these divisions)					
MECHANICAL	15.0	.1 Heating and sheetmetal	3,417	+ 1.7	+ 13.2	4.6	2.18
		.2 Plumbing, including sewer connection	5,618	a	+ 3.7	7.5	3.58
ELECTRICAL	16.0	.1 Wiring	2,451	0	+ 5.0	3.3	1.56
		.2 Fixtures (allowance)	850	0	+ 6.3	1.1	.54
SUB TOTAL			63,205	a	+ 5.0	84.4	
A	Insurance: Workers' Compensation, Social Security, Unemployment		1,909	0	a	2.5	1.22
B	Overhead and profit 15%		9,481	a	+ 5.0	12.7	6.05
C	Plans and Specifications		333	0	0	.4	.21
TOTAL CONSTRUCTION COST			74,928	a	+ 4.9	100.0	47.72
SUMMARY	AREA		S.F. COST	TOTAL		NOTES: (a) Denotes change of less than 1%. (b) Miscellaneous municipal fees & taxes not included. (c) Union scale wages are reflected in this study.	
	House		1570 S.F.	\$ 41.71	\$ 65,482		
	Garage		446 S.F.	17.23	7,686		
	Patios, Driveway, Walks		837 S.F.	2.10	1,760		
TOTAL CONSTRUCTION COST			\$ 74,928				



BANK OF AMERICA

 APPRAISAL  
DEPARTMENT



## Land

### A. The Cost of Land

The City of Livermore purchased 3.5 acres in the vicinity of Mocho & Holmes in 1974 for \$42,000. When it was appraised in 1983, this same parcel was valued at \$232,000. Thus, in the nine intervening years, the land appreciated 5.5 times.

A more recent example of the rapid increase which is occurring in the cost of land involves Vineyard Village. In 1981 the City of Livermore purchased five acres on Pacific Avenue across from the Civic Center site for the construction of senior housing. At that time, the land cost \$306,000. In 1983 the adjacent five acre parcel was for sale for \$575,000, almost double the price of the other parcel. Thus, it can be seen that the increase in the cost of the land alone would make similar units considerably more expensive if a project were built today on the remaining five acres.

In the case of a private developer, Adams & Graves, the raw land cost for Meadowbrook was \$2,000 per unit with a total cost of \$4,000 per unit for land and off sites. When land was purchased eighteen months later to build Diablo Vista, the raw land cost was \$6,000 per unit, and the total cost of land has been an important factor in the higher rents charged at Diablo Vista.

### B. Densities

Table XXV shows the difference in cost in 1980 between a 14 unit per acre and a 20 unit per acre development. At that time, the comparable rents in a 25-unit complex would have been \$640 and \$728 for the same size unit. The difference in rents in this case is solely attributable to the higher densities in the one example. As land costs escalate, there is a greater impact on the final cost of each unit.

Table XXVI illustrates how the cost of land per unit varies with the density. As land costs escalate, greater density allowances become increasingly important in reducing the cost of land per unit.





TABLE XXV

MULTIPLE FAMILY RENTAL UNITS/COST AND NECESSARY RETURN

(Assume a 25-Unit Complex)

Development Costs:	Medium Density*		High Density**	
	Per Unit	Total	Per Unit	Total
1. Land Costs (\$40,000-45,000/acre)	5,500	137,500	3,500	87,500
2. Architecture & Engineering	600	15,000	600	15,000
3. Permit Fees	4,000	100,000	4,000	100,000
4. Other Predevelopment Costs	10,000	250,000	7,500	187,500
5. Site Development	7,000	175,000	5,000	125,000
6. Construction Materials	13,000	325,000	12,000	300,000
7. Construction Labor	21,000	525,000	20,000	500,000
8. Financing	6,000	150,000	5,000	125,000
9. Other	<u>6,000</u>	<u>250,000</u>	<u>8,500</u>	<u>212,500</u>
10. TOTAL DEVELOPMENT COSTS:	77,100	1,927,500	61,100	1,527,500

## Monthly Costs:

11. Loan Amortization (Lease on 60% of Development Costs at Prevailing Interest Rates)	15,000	13,000
12. Management Costs	800	700
13. Vacancy and Non Payment of Rents	400	400
14. Reserve	1,200	1,100
15. Maintenance and Other Expenses	800	800
16. TOTAL MONTHLY COSTS:	18,200	16,000
17. Necessary Rent to Provide Cash Flow Assuming	728	640
	18,200	16,000

\* 14 units per acre

\*\* 20 units per acre

Source: Livermore Planning Department.



TABLE XXVI

## THEORETICAL SAVINGS IN LAND COSTS THROUGH GREATER DENSITY

Cost of Land	Zoning	Cost of Land Per Unit	Varying Density	Cost of Land Per Unit
\$20,000/acre	4 units per acre	\$5,000/unit	4 units	\$ 5,000
			6 units	\$ 3,333
			8 units	\$ 2,500
\$35,000/acre	4 units per acre	\$8,750/unit	4 units	\$ 8,750
			6 units	\$ 5,833
			8 units	\$ 4,375
\$70,000/acre	4 units per acre	\$17,500/unit	4 units	\$17,500
			6 units	\$11,667
			8 units	\$ 8,750

C. Land Availability

The following table, XXVII, indicates that only 4% of the land in the Livermore planning area is zoned residential. This table was taken from the General Plan. While it is not current, it is the most up to date information we have.



TABLE XXVII

EXISTING LAND USE IN THE LIVERMORE PLANNING AREA

<u>Land Use</u>	<u>Area in Acres</u>	<u>% of Planning Area</u>
Residential	3,560	4.0
Single Family	3,340	
Multiple Family	220	
Commercial	260	.29
Retail	220	
Office	40	
Industrial	2,630	3.0
General	790	
Quarry	1,080	
Quarry Permit	760	
Public Uses	5,503	6.2
Public Schools	485	
Parks & Recreation	4,120	
Govt. Office Space	7	
Fire Stations	1.5	
Water & Sewer	74	
Semi-Public Uses	265	.30
Streets	1,700	1.90
Miscellaneous	1,272	1.4
Other Public Facilities	815	
Open Space	73,770	82.9
Agri. Grass	71,790	
Vineyard	1,900	
Orchard	80	
TOTAL	88,960	100%

Source: Computed by Grunwald, Crawford & Associates from Land Use Data Provided by the Planning Department of the City of Livermore



D. Land Development Costs

Before construction can begin, the various development costs shown on Table XXVIII are incurred by a developer. The base cost for a 6,000 square foot (7+ per acre) lot will range from \$9,200 to \$11,600. This does not include city fees and taxes.







# COST STUDY

## SUBDIVISION LAND DEVELOPMENT

### SAN FRANCISCO AREA

**JAN  
1984**

#### CONSTRUCTION ANALYSIS #3377

*We wish to thank the various segments of the building industry in the San Francisco Area for their continuous cooperation, without whose assistance this study would not be possible.*

**FOREWORD:** The development costs below are typical for a 40 unit subdivision of single family detached houses on a fairly level site. Average soil conditions are assumed unless otherwise stated. Contractors' normal overhead and profit are included in the costs shown. Subdivision developer's overhead and profit are not included. It is assumed that overhead will be recovered and profits realized when each lot or house is sold.

#### CATEGORIES

<b>A. GENERAL:</b>	<b>Site clearing and grubbing</b> (includes disposal but no demolition)
	Light growth (grass and weeds) ..... \$390-500 Acre
	*Medium growth (brush and small trees) ..... \$540-660 Acre
	Heavy growth (mature trees) ..... varies too much to show cost range
	<b>On site excavation and compaction</b>
	Average soil ..... \$1.50 — 2.50/CY (compacted)
	Difficult soil ..... varies too much to show cost range
	<b>Excavation with off site disposal</b>
	Average soil with short haul ..... \$3.00 — 5.00/CY (loose)
	Average soil with one hour round trip ..... \$3.50 — 6.60/CY (loose)
	<b>Imported fill including on site compaction</b>
	Short haul ..... \$4.5 — 6.50/CY (compacted)
	One hour round trip ..... \$5.30 — 10.00/CY (compacted)
	*Pad rough grading (minimum of cut and fill) ..... \$.09-.13/SF

<b>B. STREET WORK:</b>	*Grading (property line to property line) ..... \$.10-.19/SF
	*Crushed rock base — 6" ..... \$.37-.52/SF
	Add or subtract ..... \$.07/SF per inch of variation
	*Asphaltic concrete paving — 2" ..... \$.40-.50/SF
	Add or subtract ..... \$.20/SF per inch of variation
	<b>Curbs and gutters with cushion — Portland Cement Concrete (PCC)</b>
	*6" vertical curb with 18" gutter ..... \$6.00 — 7.50/LF
	2' rolled curb and gutter ..... \$5.00 — 6.80/LF
	4' valley (cross) gutter ..... \$6.00 — 8.00/LF
	*Driveway aprons with cushion — 6" PCC ..... \$1.80 — 2.50/SF
	*Sidewalks with cushion — 4" PCC ..... \$1.60 — 2.15/SF
	*Survey monuments with boxes — standard ..... \$105 — 170 EA
	*Street signs — standard ..... \$100 — 140 EA
	*Street trees — 5 gallon staked ..... \$45 — 65 EA
	*Barricades — standard, end of street ..... \$11 — 17/LF

<b>C. MAIN SANITARY SEWERS:</b>	<b>Vitreous Clay Pipe (VCP)</b>	<b>Asbestos Cement Pipe (ACP)</b>
	4" ..... \$ 8-11/LF	4" ..... \$ 6- 8/LF
	6" ..... 11-15	6" ..... 9-12
	* 8" ..... 15-19	8" ..... 12-15
	10" ..... 19-25	10" ..... 14-16
		12" ..... 14-18
	*Laterals — 4" vitreous clay pipe (VCP) or cast iron pipe (CIP) ..... \$ 200 — 260/Lot	
	*Manholes — 24" standard, 5'-8' deep, complete ..... \$1,000 — 1,400/EA	
	*Clean Outs — standard, complete ..... \$ 300 — 500/EA	

<b>D. STORM SEWERS:</b>	<b>Reinforced Concrete Pipe (RCP)</b>		
	12" ..... \$11-17/LF	21" ..... \$24-28/LF	30" ..... \$33-38/LF
	*15" ..... 15-20	24" ..... 25-30	33" ..... 38-45
	18" ..... 17-25	27" ..... 29-35	42" ..... 45-50
			48" ..... 52-61
	<b>Cast In Place Concrete Pipe, No Joint (CIPCP)</b>		
	24" ..... \$22-27 LF	48" ..... \$43-50/LF	
	30" ..... 27-33	60" ..... 55-65	
	36" ..... 34-40		
	*Catch basins (inlets), standard ..... \$950 — 1,300/EA		
	*Storm manholes, standard ..... \$950 — 1,500/EA		

<b>E. FENCES AND WALLS:</b>	<b>Screen Walls — 6' precast concrete</b> ..... \$25-35/LF
	<b>Fences</b>
	Chain Link — 6' - no top rail ..... \$ 7-12/LF
	*Redwood — 6' - solid board ..... 10-13/LF

<b>F. UTILITIES:</b>	Utility installation costs are complicated because of various combinations of PG&E, municipalities, developers, and PT&T performing various parts of the installation. Further complications occur in the sharing of some of the trenches and the proration of trenching costs. In some cases there is no initial charge to the developer for installation but with the occupant later paying indirectly for the installation through regular service charges. The costs shown below are typical installation costs paid by the developer, but may not be applicable in a given location.
----------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

#### 1. WATER SYSTEM

	<b>Asbestos Cement Pipe Water Mains (ACP) — costs include valves, fittings, blowoffs, trenching, bedding and backfill.</b>
	*6" ..... \$ 9-13/LF
	8" ..... 12-15
	10" ..... \$15-21/LF
	12" ..... 18-24
	*Water Services (water main to lot) ..... \$ 170 — 270/Lot
	*Water Meters, standard ..... \$ 110 — 200/EA
	*Fire Hydrants, standard 4 1/2" ..... \$1,600 — 2,100/EA



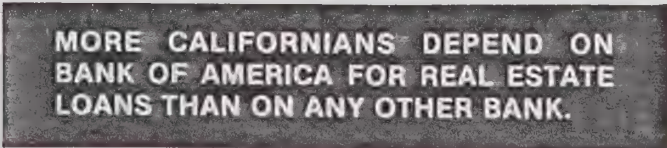
F.	UTILITIES	2. GAS SUPPLY	
	Continued:	*Mains — Street trenching, 4" plastic mains, and backfill by PG&E. Developer advanced funds are generally refundable by PG&E as each dwelling becomes occupied. Refund normally covers developer's advance. (PG&E gas rule #15) .....(Refundable) *House Services — Lot trenching and back fill by developer — 3/4" plastic service lines by PG&E. (PG&E gas rule #16) . . . Typical House Services	\$6.10/LF \$75/Lot
		3. ELECTRIC SUPPLY	
		A. Distribution and Feeders (all underground)	
		1. Street trenching, conduit and backfill by developer and paid by developer. (PG&E electrical rule #15.1)	
		*Trenching and backfill approximately	\$7/LF
		*Conduit (as situation dictates)	\$2-6/LF
		*2. All conductors, transformers, and associated equipment by PG&E. Developer advanced funds are generally refundable by PG&E as each dwelling becomes occupied. Refund normally covers developer's advance. PG&E calculates "lot front footage" as total of all footage of property fronting on streets. (PG&E electric rule #15.1) .....(Refundable)	\$7.63/Lot F FT
		*B. Electric House Services — Lot, trenching, conduit and backfill by developer; conductors by PG&E. (PG&E electric rule #16) . . . . . Typical House Services	\$80/Lot
		*4. STREET LIGHTS — By PG&E - underground wiring - plain metal poles and electroliers, (PG&E Rate Schedule LS-1). . . . .	Approximately \$700-1,500/Light
		5. T.V. CABLE — Underground - by private companies - trench sometimes shared with PG&E - Installation costs usually not paid by developer - check with municipality involved as to existing contracts and costs.	
		6. TELEPHONE SERVICE — Underground — by Pacific Bell — joint trench sometimes shared with PG&E — (PT&T SCED CAL PUC 36-T) Line Extension Facilities—normally no installation cost to developer.	
		*House Services—Lot trenching, conduit and backfill by developer; conductors by Pacific Bell . . . . Typical house services if not shared with PG&E	\$50/lot
G.	OTHER	*Engineering Costs —	
	IMPROVEMENT	includes soil reports, design, and supervision . . . . .	12-15% of total improvement cost
	COSTS:	*Performance Bond . . . . .	2-4% of total improvement cost
		*Municipal Inspection Fees . . . . .	4-8% of total improvement cost
		*Contingency . . . . .	6-11% of total improvement cost
H.	MUNICIPAL	Vary too much to show cost range. Included are fees and taxes for such items as park land acquisition, schools, "bedrooms", etc. Obtain costs from local authorities. Costs can vary from several hundred to several thousand dollars per lot.	
	FEEES AND TAXES:		

SUMMARY:	*Summary includes typical on site quantities, items, and utility refundables, as marked by asterisks, in the above categories for a 40 lot subdivision.
	Assumptions are:
(a) fairly level site	(e) double loaded streets
(b) average soil conditions	(f) no off site costs for utilities, drainage, streets, etc.
(c) 60' street right-of-way	(g) no municipal fees and taxes (category "H")
(d) 40' paved streets with 4' sidewalks each side	
1. LOT FRONT FOOT — Based on actual frontage portion of lot on street and includes allowance for side lot footage and street intersections . . . . .	Base Cost \$160-190/Lot F FT
2. 6,000 SF LOT — Based on 60' frontage and 100' depth (6,000 SF) . . . . .	Base Cost \$9,400-\$11,800/Lot

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## Building Permits

Table XXIX provides information regarding the relationship of housing units approved to building permits issued for the period 1978-83, which coincides with the adoption of the Residential Development Policy. Approximately two-thirds of the units approved during that period have been constructed.

TABLE XXIX  
Record of Units Approved Versus Permits Issued

<u>Year</u>	<u>R.D.P. Housing Units Approved</u>	<u>R.D.P. Building Permits Issued</u>	<u>R.D.P. Building Permits Not Issued</u>
1978	329	321	8
1979	314	290	24
1980	344	274	70
1981	353	256	97
1982	360	172	188
1983	348	78*	270
Total 1978-83	2,048	1,391	657

\*January through September 1983

Since each month of delay in construction adds 1% to 2% to the final cost of a home or apartment, it is important that builders are encouraged to produce housing as soon as possible after receiving approvals.

It is also interesting to note that a growth rate based on increasing the number of housing units by 2% a year does not result in a 2% increase in population. The reason for this is that the figure derived from dividing the population by the number of housing units is not related to the number of people who will be living in the units to be built. That is, most new home buyers today have no children. Also, one bedroom apartments are often occupied by only one adult, frequently a senior citizen. Thus, the existing population is not representative of the newer resident. Perhaps a method could be devised to take into consideration the size of the units receiving approvals so that one bedroom apartments are not equated with three and four bedroom houses.

## Fees and Permit Costs

Another factor which has added to the cost of housing is the increase in City and other fees charged. Since the home buyer pays for these fees over the term of his loan, the ultimate impact is considerably greater than the initial charge.

Table XXX compares the average 1970 basic permit costs with the average 1980 costs. The increase in permit cost has more than kept pace with the increased building cost which quadrupled in the ten year period.

City of Livermore Pre-Development, Development and Building Permit Fees for Kaufman & Broad, plan 3010, which amounted to \$4,541 in 1979, were \$7,194 in 1983, a 58% increase.



TABLE XXX  
Average Home  
1970 - 1980

1970 Single Family Development 1,500 square feet \$23,400-2 bath

Bldg. Permit	\$ 86.00	
Plan Check	43.00	
Electrical Permit	18.50	
Plumbing Permit	25.00	9 fixtures
Mech. Permit	11.00	HVAC
SMIP	-0-	
<hr/>		
Total	\$183.50	

1980 Single Family Development 1,500 square feet \$97,000-2 bath

Bldg. Permit	\$433.00	
Plan Check	281.45	
Electrical Permit	42.50	
Plumbing Permit	68.00	9 fixtures
Mech. Permit	22.00	HVAC
SMIP	6.79	(State Charge)
<hr/>		
Total	\$853.74	

Permit Cost (465% increase in 10 years)  
Building Cost (414% increase in 10 years)

An ABAG survey done in 1981 showed the following changes from 1979 for a residence on a subdivision.

	<u>1979 Fees</u>	<u>1981 Fees</u>
Total Planning Fees	\$2,275	\$3,280
Growth Fees	2,124	3,789
Building Fees	563	662
Utility Connections	3,229	3,660

Apartment fees increased comparably.

Table XXXI provides insight into not only how the price of new housing has grown since 1970, but also provides information about interest rates which has had a tremendous impact on the annual cost of housing and consequently on the income required to buy the average home. In 1982 there was a 91.6% income gap between the average family income and the income needed to buy an average home. This compares with 1971 and 1972 when the average annual income actually exceeded the income required to buy the average home.





TABLE XXXI  
AFFORDABILITY ANALYSIS  
NEW HOUSING IN CALIFORNIA  
(Not Adjusted for Inflation)

Year	Average Home Prices <sup>1</sup>	Interest Rate <sup>2</sup>	Annual Housing <sup>3</sup> Cost	Required Annual <sup>4</sup> Income	Average Family <sup>5</sup> Income	Income Gap	
						Dollars	%
1970	\$ 39,900	8.5%	\$ 4,490	\$14,960	\$12,600	\$ 2,360	18.7%
1971	35,000	7.5%	3,820	12,700	13,100	(400)	(3.1%)
1972	38,000	7.2%	4,060	13,500	14,000	(500)	(3.6%)
1973	42,400	8.0%	4,700	15,700	14,900	800	5.3%
1974	47,400	9.0%	5,620	18,700	16,200	2,500	15.4%
1975	54,500	9.0%	6,430	21,400	17,500	3,900	22.3%
1976	65,400	9.0%	7,630	25,400	18,800	6,600	35.1%
1977	73,600	9.0%	8,560	28,500	20,200	8,300	41.1%
1978	90,200	9.0%	8,980	29,900	22,500	7,490	33.3%
1979	102,800	11.0%	11,650	38,800	25,500	13,300	52.2%
1980	118,000	13.5%	15,600	52,000	27,500	24,500	89.1%
1981	120,500	14.5%	17,100	57,000	29,500	27,500	93.2%
1982	126,000	15.0%	18,400	61,300	32,000	29,300	91.6%

<sup>1</sup> Average home prices, 1970-77 estimates from Security Pacific National Bank; 1978 thru 1982 estimates from Construction Industry Research Board.

<sup>2</sup> Interest rates (nominal rates) based on Federal Home Loan Bank Board data on loans closed.

<sup>3</sup> Annual housing costs include mortgage payment (based on stated interest rate and 80% loan) plus utilities, insurance, maintenance, and property taxes.

<sup>4</sup> Required annual income was calculated assuming 30% of income goes to housing.

<sup>5</sup> California average family income were estimated by CIRB using family-income figures from the U.S. Bureau of the Census, and HUD.

Prepared by Construction Industry Research Board  
November 1983



## Financing

The cost of financing housing has risen rapidly and fluctuated greatly over the past few years.

## Rental Housing

An example of how this impacts the developer is a comparison of Meadowbrook with Diablo Vista. Meadowbrook was financed with 7.5% money plus insurance which gave an effective rate of 8%. Diablo Vista is financed at an effective rate of 10.3% which includes sizeable front end costs for the bond program. The mortgage comes to \$7,000,000. Fees of \$500,000 accounted for 7% of the total cost of the project. A rule of thumb relating interest rates to rents is that each additional percentage point in interest costs the renter \$45 per month; two percent would raise the rent \$90.

According to the California Building Industry Association, the rate of increase in rental income from residential property has lagged well behind that of general prices and home prices. The increase in rental income also fell below the increase in operating costs between 1970 and 1980. Nationwide, average operating costs increased 141% in the last decade, while average rental income increased 87%; the net return on rental property increased by only 35% on the average. In 1970, operating costs were nearly half of rental revenue; in 1980 operating costs were nearly two-thirds of rental revenue. Thus,

The real return on rental properties fell by 35% between 1970 and 1980.

The capitalized value on this return at 1980 interest rates means that, on the average, the real value of rental property remained the same or fell somewhat over the previous ten years.

Local government action can also affect the attractiveness of rental property investments through:

Restrictive land use policies which allocate too little land for multiple residences relative to the local demand for rental housing. This forces up land prices and makes new projects more expensive. It also confers a benefit on existing owners of rental property in the form of higher demand for their units and consequently higher rents.

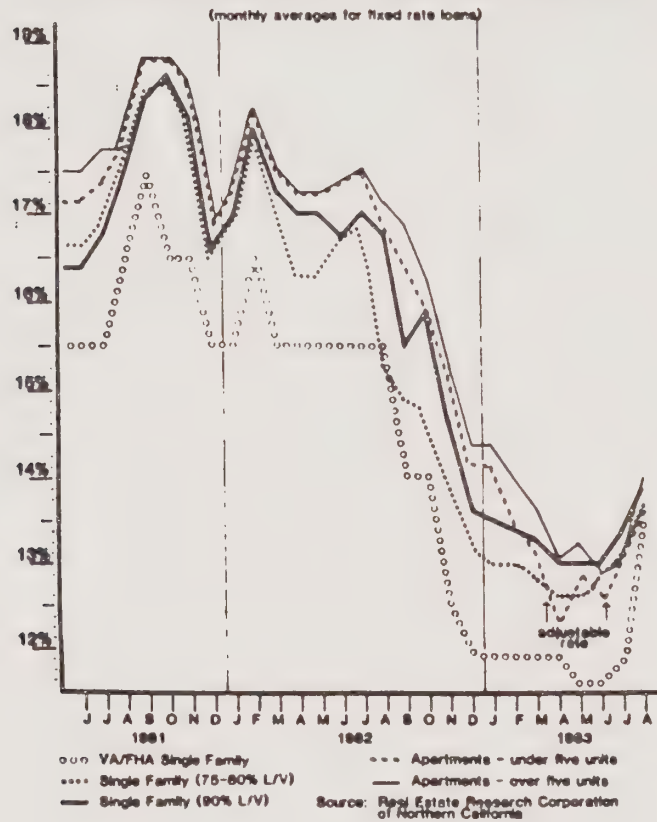
Rent controls which are overly restrictive and decrease the real value of rental property if property owners are unable to raise rents in proportion to rising operating costs, taxes, etc.

Restrictions on condominium conversions. Much of the attractiveness of rental property lies in its potential for returning to its owner a capital gain upon the sale of the property.

Investors in rental property are also faced with financing terms less generous and at higher interest rates--as much as 2% higher--than financing for single family housing. (See the following chart)



## MORTGAGE INTEREST RATES IN NORTHERN CALIFORNIA





At times conventional financing for rental property has been virtually non-existent. If rental housing is to be the "affordable" alternative to home ownership, then interest rates for financing rental housing will need to be more comparable to that of ownership housing. The following figure compares the annual debt service for a \$1,000,000 apartment loan at interest rates between 12% and 16%. Each half-point increase in the interest rates increases the annual debt service for this loan by nearly \$4,750 on the average. Assuming that the \$1,000,000 loan finances 25 rental units, at \$40,000 per unit, each half-point increase raises the annual per unit debt service by \$190, or just under \$16 per month.





To make rental property a more attractive investment and to stimulate production, it will take a drop in interest rates for construction financing, new financing arrangements which concentrate less of the risk on developers, and concerted local action to loosen restrictive land use policies which discourage new housing production.

At the present time conventional financing through a bank or savings and loan is readily available at approximately  $\frac{1}{4}\%$  more than single family home finance for developments which have more than four units and are not owner occupied. However, because bond programs can usually provide money at rates about 2% less than conventional financing, builders concerned about affordability may prefer to participate in a bond issue. There is no longer a Sec. 8 new construction program, and Sec. 202 (Senior Housing) is limited to 14,000 units for the entire United States.

### Single Family Housing

A more familiar effect of higher interest rates is that felt by the home buyer. Table XXXII is a payment table which provides information regarding mortgage payments at various rates for different time periods. Thus, a \$100,000 mortgage financed over a 30 year period at 12% would cost the borrower \$1,028.62 a month. That same mortgage over a 30 year period at 16% would cost \$1,344 a month.

The cost of money, therefore, has a tremendous impact both on the cost of construction and in determining the income a buyer must have to either rent or purchase a specific housing unit.

<u>Persons Making This Income</u>	<u>Can Afford To Buy A House Costing This Much *</u>	<u>Can Afford To Rent An Apartment Costing This Much</u>
\$25,300	\$70,275	\$525.00
28,450	79,025	590.00
30,300	84,165	630.00
31,600	87,775	655.00
37,950	105,415	790.00

\*This is assuming a 12%, 30 year mortgage.

In 1979, 19.2% of the housing units in the City were affordable to low income people (incomes below 80% of the median) who represent 35% of Livermore's population. This currently amounts to an annual income of \$25,300 for a family of four. However, it is increasingly difficult for people in this income bracket to find a home they can afford to buy on today's market. Many of these people occupy homes which were bought over ten years ago when the price of a home was within two and a half times their income.





# PAYMENT TABLES

## 12% Annual Percentage Rate

Amount Financed	Monthly Payments (Principal and Interest)*					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
\$ 25,000	556.11	358.68	300.05	275.28	263.31	257.16
30,000	667.33	430.42	360.06	330.33	315.97	308.59
35,000	778.56	502.15	420.06	385.39	368.63	360.02
40,000	889.78	573.89	480.07	440.44	421.29	411.45
45,000	1001.00	645.62	540.08	495.49	473.96	462.88
50,000	1112.22	717.36	600.09	550.55	526.62	514.31
60,000	1334.67	860.83	720.11	660.66	631.93	617.17
70,000	1557.11	1004.30	840.12	770.77	737.26	720.03
80,000	1779.56	1147.77	960.14	880.87	842.58	822.90
90,000	2002.00	1291.24	1080.15	990.98	947.90	925.75
100,000	2224.44	1434.71	1200.17	1101.09	1053.23	1028.62

## 13% Annual Percentage Rate

Amount Financed	Monthly Payments (Principal and Interest)*					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
\$ 25,000	568.83	373.28	316.32	292.90	281.96	276.55
30,000	682.60	447.94	379.58	351.48	338.36	331.86
35,000	796.36	522.59	442.84	410.06	394.75	387.17
40,000	910.13	597.25	506.10	468.64	451.14	442.48
45,000	1023.89	671.90	569.36	527.21	507.53	497.79
50,000	1137.66	746.56	632.63	585.79	563.92	553.10
60,000	1365.19	895.87	759.15	702.95	676.71	663.72
70,000	1592.72	1045.18	885.67	820.11	789.49	774.34
80,000	1820.25	1194.49	1012.20	937.27	902.27	884.96
90,000	2047.78	1343.80	1138.72	1054.42	1015.05	995.58
100,000	2275.31	1493.11	1265.25	1171.58	1127.84	1106.20

## 14% Annual Percentage Rate

Amount Financed	Monthly Payments (Principal and Interest)*					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
\$ 25,000	581.71	388.17	332.94	310.89	300.95	296.22
30,000	698.05	465.80	399.53	373.06	361.13	355.47
35,000	814.39	543.44	466.11	435.24	421.32	414.71
40,000	930.74	621.07	532.70	497.41	481.51	473.95
45,000	1047.08	698.70	599.29	559.59	541.70	533.20
50,000	1163.42	776.34	665.88	621.77	601.89	592.44
60,000	1396.10	931.60	799.05	746.12	722.26	710.93
70,000	1628.78	1086.87	932.22	870.47	842.64	829.42
80,000	1861.47	1242.14	1065.40	994.82	963.01	947.90
90,000	2094.14	1397.40	1198.57	1119.17	1083.38	1066.38
100,000	2326.83	1552.67	1331.75	1243.53	1203.77	1184.88

## 15% Annual Percentage Rate

Amount Financed	Monthly Payments (Principal and Interest)*					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
\$ 25,000	594.75	403.34	349.90	329.20	320.21	316.12
30,000	713.70	484.01	419.88	395.04	384.25	379.34
35,000	832.65	564.68	489.86	460.88	448.30	442.56
40,000	951.60	645.34	559.84	526.72	512.34	505.78
45,000	1070.55	726.01	629.82	592.56	576.38	569.00
50,000	1189.50	806.68	699.80	658.40	640.42	632.23
60,000	1427.40	968.01	839.76	790.08	768.50	758.67
70,000	1665.30	1129.35	979.72	921.76	896.59	885.12
80,000	1903.20	1290.68	1119.67	1053.44	1024.67	1011.56
90,000	2141.09	1452.01	1259.63	1185.11	1152.75	1138.00
100,000	2379.00	1613.35	1399.59	1316.79	1280.84	1264.45

\* For loans that fully pay off the debt over the loan term.

## 16% Annual Percentage Rate

Amount Financed	Monthly Payments (Principal and Interest)*					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
\$ 25,000	607.96	418.79	367.18	347.82	339.73	336.19
30,000	729.35	502.54	440.62	417.38	407.67	403.43
35,000	851.14	586.30	514.05	486.94	475.62	470.67
40,000	972.73	670.06	587.49	556.51	543.56	537.91
45,000	1094.32	753.81	660.92	626.07	611.50	605.15
50,000	1215.91	837.57	734.36	695.63	679.45	672.38
60,000	1459.09	1005.08	881.23	834.76	815.34	806.86
70,000	1702.27	1172.60	1028.10	973.88	951.23	941.33
80,000	1945.45	1340.11	1174.97	1113.01	1087.12	1075.81
90,000	2188.63	1507.62	1321.83	1252.13	1223.00	1210.28
100,000	2431.81	1675.14	1468.71	1391.26	1358.89	1344.76

## 17% Annual Percentage Rate

Amount Financed	Monthly Payments (Principal and Interest)*					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
\$ 25,000	621.32	434.50	384.76	366.71	359.45	356.42
30,000	745.58	521.40	461.71	440.05	431.34	427.71
35,000	869.85	608.30	538.66	513.39	503.23	498.99
40,000	994.11	695.20	615.61	586.73	575.12	570.28
45,000	1118.37	782.09	692.56	660.07	647.01	641.56
50,000	1242.63	868.99	779.51	733.41	718.90	712.84
60,000	1491.16	1042.79	923.41	880.09	862.68	855.41
70,000	1739.69	1216.59	1077.31	1026.77	1006.46	997.98
80,000	1988.21	1390.39	1231.21	1173.45	1150.24	1140.55
90,000	2236.73	1564.18	1385.10	1320.12	1294.02	1283.11
100,000	2485.26	1737.98	1539.01	1466.81	1437.80	1425.68

## 18% Annual Percentage Rate

Amount Financed	Monthly Payments (Principal and Interest)*					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
\$ 25,000	634.84	450.47	402.61	385.83	379.36	376.78
30,000	761.81	540.56	483.13	463.00	455.23	452.13
35,000	888.77	630.65	563.65	540.16	531.11	527.48
40,000	1015.74	720.75	644.17	617.33	606.98	602.84
45,000	1142.71	810.84	724.69	694.50	682.85	678.19
50,000	1269.68	900.93	805.22	771.66	758.72	753.55
60,000	1523.61	1081.12	966.26	925.99	910.46	904.26
70,000	1777.54	1261.30	1127.30	1080.32	1062.21	1054.96
80,000	2031.48	1441.49	1288.34	1234.65	1213.95	1205.67
90,000	2285.41	1621.67	1449.38	1368.98	1365.69	1356.38
100,000	2539.35	1801.86	1610.43	1543.32	1517.43	1507.09

## 19% Annual Percentage Rate

Amount Financed	Monthly Payments (Principal and Interest)*					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
\$ 25,000	648.51	466.68	420.72	405.17	399.42	397.22
30,000	778.22	560.02	504.86	486.21	479.30	476.67
35,000	907.92	653.35	589.01	567.24	559.19	556.11
40,000	1037.62	746.69	673.15	648.27	639.07	635.56
45,000	1167.32	840.03	757.29	729.31	718.96	715.00
50,000	1297.03	933.36	841.44	810.34	798.84	794.45
60,000	1556.43	1120.03	1009.73	972.41	958.61	953.34
70,000	1815.22	1306.71	1178.01	1134.48	1118.38	1112.22
80,000	2074.01	1493.38	1346.30	1296.55	1278.14	1271.11
90,000	2332.80	1680.05	1514.59	1458.62	1437.91	1430.00
100,000	2591.59	1866.72	1682.88	1620.68	1597.68	1588.89



While it is probable that new people moving into the community will have higher incomes than the people who are here now, simply because the price of housing is higher, we need to take into consideration in planning for future housing the fact that approximately one-third of the present population cannot and the future population probably will not be able to buy a house. For that reason, more land will need to be zoned multi-family and apartment developers should be encouraged to build here.

The following list helps illustrate the trend in mortgage rates:

<u>Year</u>	<u>National Average</u>
1963	5.89
1973	7.96
1976	9.00
1977	9.02
1978	9.56
1979	10.78
1980	12.66
1981	14.70
1982	15.14
1983	12.25



Analysis of New Home Sales  
By Type of Sale  
Alameda County  
1982 & Early 1983

<u>% of Sales</u>	<u>Type of Sale</u>	<u>Explanation</u>
85.3%	Conventional	An over the counter transaction at an institutional lender. Always accomplished without government assistance.
12.8%	FHA	(HUD) Government assistance by insurance concept.
1.2%	State Vet	Financed by California State Dept. of Veterans Affairs. Title held in name of State until indebtedness is repaid.
.6%	Assumption	Existing financing assumed.

Other forms of financing available, but not used, include:

Private Mortgage Insurance - Comparable in concept to FHA mortgage insurance plan but occurred in the private sector; applicable to conventional loans usually when cash downpayment by buyer is less than 20%.

VA-Dept. of Veteran Affairs - Government assistance to military veterans.

Subsidized Federal Housing - Subsidized financing program. Can involve Federal, State or Municipal Bond programs, usually (but not always) employed in inner-city area where viability is resurgent due to urban renewal, etc.





## LOOKING INTO THE FUTURE

The balance between housing and commercial and industrial development is of growing concern to all bay area communities because increasing employment opportunities have created a demand that the housing market is finding difficult to meet. This trend is strongly felt in the Amador-Livermore Valley and is expected to have a significant impact on housing demand in Livermore.

Because neither the public sector nor the private sector can individually address the issues posed by continued growth in the region, a joint public-private effort is required to bring together information, resources, and commitment to maximize the advantages of growth.

Many variables need to be addressed when projecting the amount of housing which will be constructed over a period of time, including availability of land, local land use policies, housing demand, and the economic factors of inflation and interest rates. Inflation will continue to escalate land prices, construction costs, and financing as well as building fees. The result is that it will become increasingly difficult for developers to produce low and moderately priced housing. Continuing growth of employment opportunities in the area will stimulate demand for housing and cause sales prices and rents to continue to rise, and it can be anticipated that the gap between what buyers and renters can pay and what the cost of housing will be will widen.

In 1982 Menkin-Lucero Associates prepared a report for the Coalition of Labor and Business which based estimates of housing units needed over the next decade upon supply, market potential, demolition activity, infrastructure potential, land availability and unmet county-wide need. Within the next decade, COLAB estimates that the need for housing will increase by 37% in the Tri-Valley area to a total of 70,385. In order to provide affordable housing for all current and projected residents, three major elements must exist according to Menkin-Lucero Associates:

- 1) Local governments must protect actual supply and plan enough densities/land for development to allow the economy to operate freely;
- 2) Adequate urban infrastructure to serve estimated growth must be planned, approved and funded by special districts and other responsible agencies;
- 3) Interest rates must decline and the supply of money for mortgages increased.

In "The Housing Crunch: A 1983 Update," the California Building Industry Association comes to the following conclusions:

Housing demand will remain strong throughout the 1980's as real incomes and new household formation rise.

Housing costs will continue to rise through market pressures, government regulations and, at least in the short-run, high interest rates.

The traditional "rules" of affordability no longer apply. If housing costs continue to increase faster than personal income, many California residents will spend increasing shares of their income on housing, and many will seek innovative financial arrangements rather than choose not to own a home.



Economic and political pressures which discourage investment in rental housing, if continued, will lead to a severe shortage in alternative forms of housing.

While the possibility of providing affordable new housing becomes increasingly difficult, there will be a trickle down effect as more housing is built. The City of Livermore needs to examine what kind and how much housing it can provide. For example, there is a need to balance the kind of housing the City can offer, with consideration being given to encouraging the construction of more expensive homes in order to attract the executives who will be moving into the area.

If in the fifteen year period between 1985 and 2000 approximately 21,000 primary jobs are generated in the City of Livermore, consultants project that there will be thousands of secondary jobs created as a result. The City will want to consider the housing needs of these people; whether they have a right to expect to live in the city where they work or within a short commute. If so, where will they live? What kinds of jobs will these people hold? How well will they be paid? Can Livermore offer \$300,000 homes for the executive as well as \$500 a month apartments for technicians and secretaries?

The way in which the Council addresses these issues will determine what the future holds.



## HOUSING TERMS DEFINED

### Affordable Housing

- (a) Housing selling at a price which is not more than 2.5 times the annual household income.
- (b) Housing renting at a monthly rent that does not exceed 30% of the monthly household income.

Complex - A housing development (project) at one location, including all units for which permits have been applied or which have been approved within a twelve month period.

Dwelling Unit - A dwelling designed for occupancy by one household.

Fair Market Rent - The criteria used to calculate Fair Market Rents are based on: (1) 45 percentile rents (ie, the rent below which 45% of the standard units are distributed); and (2) rents based on units rented by recent movers. Public housing units and new units completed during the two years preceding the data survey dates are excluded from the data base.

Housing Costs - The monthly mortgage principal, interest, property taxes, homeowner's insurance, and condominium fees (where applicable) for ownership units; and the monthly rent for rental units.

Housing & Urban Development - The United States Department of Housing and Urban Development (H.U.D.)

Income Eligibility - The gross annual household income considering household size and number of dependents, income of all wage earners, elderly or disabled family members and all other sources of household income.

"In lieu fee" - Fee paid to the City by a developer as an alternative to the provision of inclusionary units.

Low Income Households - Households with annual incomes less than 80% of the median income for the area.

Median Income - Median family income as established by H.U.D. for the county. This is updated periodically by H.U.D. Consultants such as The Land Economics Group also provide updates based on surveys and other data.

Moderate Income Households - Households with annual incomes between 80% and 120% of the median income for the area.

S.M.S.A. (Standard Metropolitan Statistical Area) - In the case of Livermore this is the San Francisco - Oakland S.M.S.A. which covers the counties of Alameda, Contra Costa, San Francisco, San Mateo and Marin.

P.M.S.A. (Primary Metropolitan Statistical Area) - Includes Alameda and Contra Costa Counties only, replaces S.M.S.A.





Summary of Various Statistics  
To Illustrate Increases

Year	Single Family Home Median Sales Price	Single Family Home Average Sales Price	B of A Construction Costs	Land Value 1 Mocho & Holmes	Land Value 2 (Pacific Ave.)	Cost of Land Per Unit Meadowbrook/ Diablo Vista	Selling Price K & B Model 3010	Model 3010 Pre-Development, Development & Permit Fees
1974				\$ 42,000				
1977	\$52,000							
1978	61,000							
1979	72,000		\$49,500				\$ 72,990	\$ 4,541
1980	85,000	\$105,390				\$2,000		
1981	96,818				\$306,000			
1982			69,810					
1983		114,800	73,692	232,000	575,000	6,000	109,490	7,194



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